

# Problems of Socio-economic Crisis Caused by Covid-19 Influence on Creative Industries

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**Abstract:** President Vladimir Putin, in his speech to citizens on March 25, 2020, announced a number of measures aimed at supporting the economy in the context of accelerating the spread of coronavirus infection on the territory of the Russian Federation. These measures are focused on four areas ([www.economy.gov.ru](http://www.economy.gov.ru)): 1. Providing essential goods and supporting the population (monitoring consumer prices; monitoring the availability of essential goods for sale; implementing measures to actively support employment; establishing a "green corridor" for the import of essential goods). 2. Support for the sectors of the economy that are at risk (exemption of tour operators from paying fees and establishing compensation for their losses; monitoring the financial situation of developers and contractors; providing deferred tax payments for a period of 3 months to organizations and industries most affected by the pandemic). 3. Support for small and medium-sized businesses (a moratorium on inspections of small and medium-sized businesses; deferred payment of lease payments in the case of using state or municipal property; provision of forms of concessional lending). 4. System-wide measures (creation of a financial reserve of up to 300 billion rubles; creation of a guarantee Fund for restructuring loans to companies affected by the deteriorating economic situation). Despite all the measures taken, it is currently difficult to assess the real scale and impact of COVID-19 on the Russian economy. Today (May 10, 2020) there is a deterioration of the sanitary and epidemiological situation in the country. Time will tell how Russia will survive this pandemic and how much damage will be done to the economy. Theoretical analysis. The article provides a theoretical analysis of the crisis in the creative industries, as well as a detailed review of the opportunities and threats of the crisis. Results. Based on the generalization of scientists' views on the pandemic, the advantages and threats to the creative cluster are identified. According to the results of the research, problematic issues were identified due to the specifics of the development of the creative sphere.

## 1 INTRODUCTION

As of 10.05.2020, 4,044,198 cases of Covid-19 coronavirus were officially recorded in the world in 187 countries. At the moment, 2,382,161 people are sick with coronavirus infection in the active phase. The total number of deaths from the coronavirus is 279,609, which is 6.91%. Confirmed cases of full recovery from coronavirus Covid-19 in the world is 1,382,428. The spread of "COVID-19" in different countries is shown in Figure 1.

In the current conditions, most of the leading Russian experts - economists are sounding the alarm.

In their opinion, as a result of the rapid spread of the coronavirus pandemic around the world, and due to the negative impact of this pandemic on the world economy, the Russian economy will also face a number of significant financial and economic problems. It is expected that the level of gross domestic product (GDP) of Russia, under the influence of the pandemic, may decrease by at least 10-20%, another important factor of negative impact is the level of prices for energy resources in the world market. It is predicted that in the near future, average annual oil prices will not exceed the \$ 25 mark, and, as you know, oil is the main Russian exported

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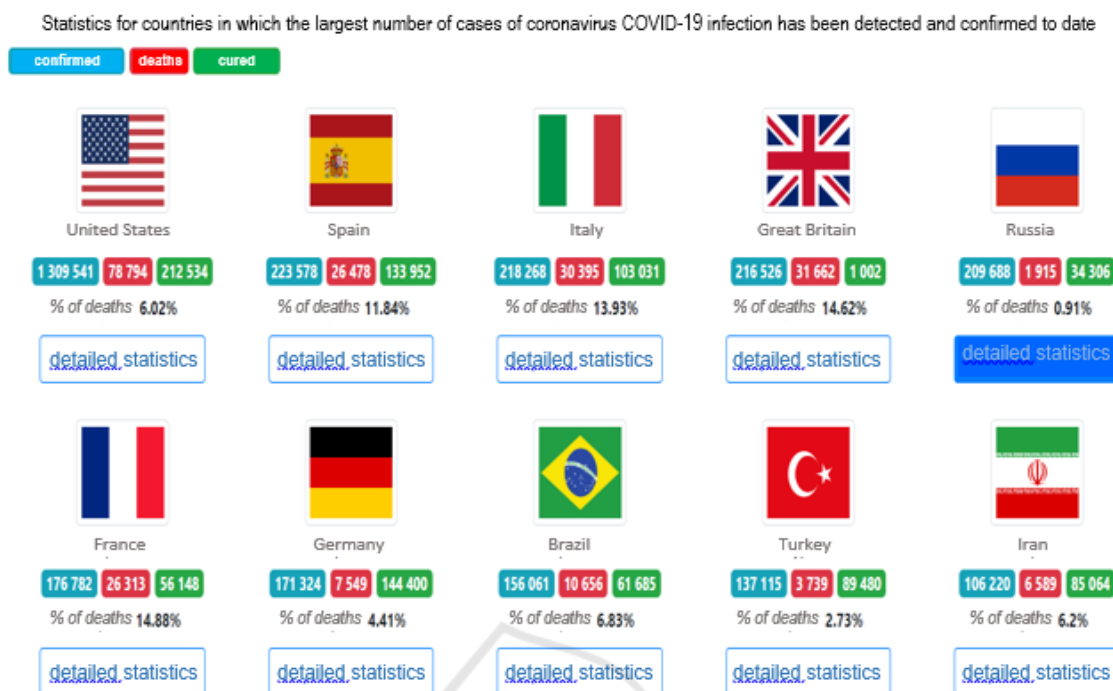


Figure 1: TOP countries by number of cases of coronavirus.

commodity (1prime.ru).

Coronavirus pandemic has changed expectations for 2020 - recession awaits the global economy. According to forecasts of the Economist Intelligence Unit, it will fall by 2.2%, although it was supposed to rise by 2.3%. The Russian economy will decline by 2%. Italy, Germany and Argentina will suffer most of all. But if you look not at the big picture, but at the details, it turns out that some industries will only benefit - if, of course, they are able to competently work out the increased demand.

Most of the G20 countries will enter a recession, including Russia, which is forecast to decline by 2%. According to the previous forecast of the EIU, the growth in the Russian economy should have amounted to 1.6%, according to the forecast of the Ministry of Economic Development - 1.9%. In 2019, the Russian economy grew by 1.3%, in 2018 - by 2.5%.

Due to the economic crisis and the unfavorable epidemiological situation, the consumer behavior of citizens will change, which will inevitably affect the position of specialists in the creative sector - they will be forced to look for ways to neutralize the consequences of a difficult situation, Sofia Trotsenko, founder of the Winzavod Foundation for the Support of Contemporary Art and Dean of the Russian Presidential Academy of National Economy and Public Administration School of Design (RANEPA),

told TASS. "When discussing support measures, you often hear that a crisis is a chance to sprout something new, but this is not entirely fair, because it is very difficult to build a company from scratch, and it is important to protect those who have already done something." (Kuzminov et al., 2019).

The creative industries have become one of the areas hit hardest by the pandemic. Against the backdrop of the spread of the pandemic, let us consider which creative industries are developing better and which are experiencing great difficulties.

## 2 THEORETICAL ANALYSIS

The COVID-19 pandemic is a pandemic (Kuzminov et al., 2019) of the coronavirus infection COVID-19 caused by the SARS-CoV-2 coronavirus. It began with the discovery at the end of December 2019 in the city of Wuhan, Hubei province of central China, the first cases of pneumonia of unknown origin among local residents associated with the local animal and seafood market of Huanan. On December 31, 2019, the Chinese authorities informed the World Health Organization (WHO) about the outbreak of unknown pneumonia. Since January 22, the city of Wuhan has been quarantined. The spread went to different countries. In Russia, due to this virus, the event industries - the entertainment industries - have

suffered the most, but the government offers support measures (financial) to support the industries, but for this it is necessary to meet many parameters. In the regions, for example, small financial subsidies are allocated to support creative industries (this is the sphere: cinema, art, museums.) In Kaliningrad, for example, they are trying to overcome the crisis through information and emotional moments, for example, fashion brands have repurposed and began to sew masks.

Alexey Bazhenov - representative of the business community Be-in.ru: he talks about the situation in which the Russian fashion industry is today, about the search for identity within it and the importance of refusing to copy Western partners, about the problems of local fashion retail and production, as well as about how the BE IN OPEN Forum is developing, what mission it carries, and what results have already been achieved over the three years of its existence. Fashion is a social phenomenon, turning to which business gets another competitive advantage. Of course, there are a number of brands that don't need it.

Active work of anti-crisis support to unite the community: everything around has changed very quickly. Management experience, assessment method, there are many tools for overcoming the crisis. Some fragmentation occurs - people are in bubbles, as if isolated from each other.

Alexey Bazhenov offers creative industries to transfer their OKVEDs to the category of victims as much as possible. Thanks to the crisis, a third world war did not happen: it allows society to restructure. During the crisis, those trends that were fading away began to develop more successfully (for example, the fashion industry).

In this situation, there is a common enemy: danger to life, in fact it is a threat.

Why can COVID-19 help? Contemporary art is loaded with ethical meanings, for example, Fashion Industry - you buy not a thing, but a brand! The Russian fashion industry enters with a deformed market, but there are all the elements to work with.

In addition to threats, the crisis also provides opportunities:

- intersectoral links;
- interdisciplinary projects;
- modeling teamwork;
- breakthrough innovation;
- business literacy (many online seminars);
- techno parks (as an example, the creation of a factory in Ulyanovsk with a brand, the appearance of a name, a story, filming, designers);

- creation of an anti-crisis headquarters (cost reduction);
- change of OKVED;
- banking instruments.

Situations such as COVID 19 can be repeated and the main support must come from within the community, and the state must give support.

In creative industries, it's important to interact with each other. People need to think: What can I offer for the market? Consider what people need.

At this stage, a film almanac is being created - how everyone sees the future in the fashion industry.

The fifth technological revolution is taking place: supervising capitalism, for example in London - 1000 video cameras, increased state control in the sphere of security.

A more cohesive structure of creative industries in China based on blockchain, which mitigates much of the negative impact of the crisis. This is the time when you yourself need to make the future!

Australia has a clear separation of the creative industries (film, IT, etc.) from the cultural industries (theater, museums, etc.). There is an anti-crisis approach; there are no real instruments yet.

The pandemic will completely change the performance of the creative industries (Fig. 2). In conditions of self-isolation in the creative sphere, people:

- online projects are launched, content is being made (new technologies are being mastered);
- an opportunity to earn money is being sought (crowd funding, fundraising, digital content monetization);
- an opportunity to earn money is being sought (crowd funding, fundraising, digital content monetization);
- trying to organize themselves.

This raises the question: "Why are certain sectors of the creative industries strong in specific regions and what is required to support their development?"

An understanding is required to develop effective tools in the creative field, on the one hand, of the key and specific components of human capital, and, on the other, of those conditions and mechanisms that will make it possible to effectively implement these components in practice. Otherwise, the growth of "non-capitalized" human potential is inevitable - people with a set of useful skills that are not fully included in the economy, since they do not find a place for themselves in the labor market or do not have those competencies that would give significantly greater returns, as personal, and for society as a whole (Castells, 2000).

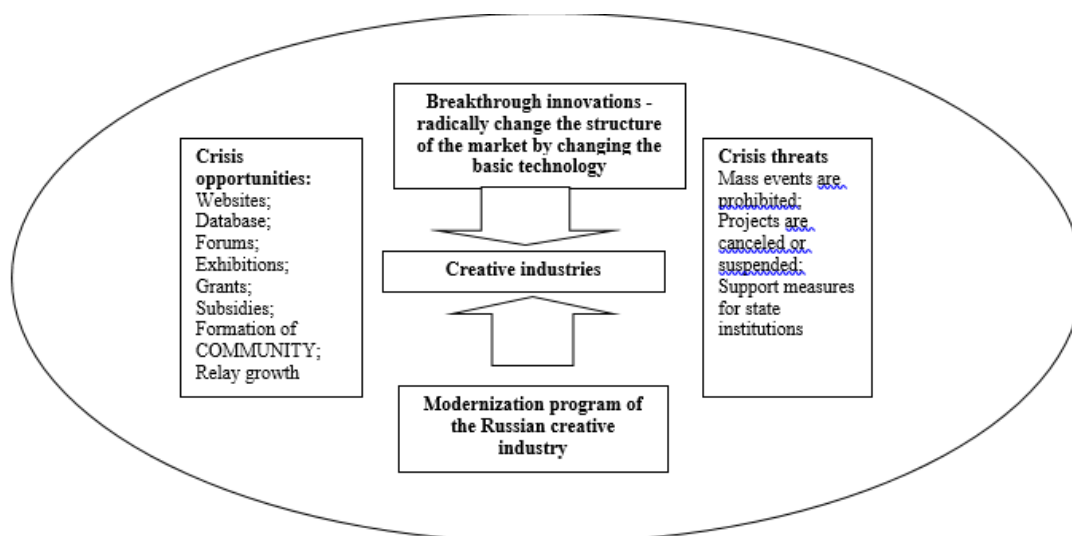


Figure 2: Opportunities and threats of the crisis in the creative industries.

Table 1: Transformations in the main areas of creative industries due to the coronavirus pandemic.

Name of the sphere of creative industries	Transformations
Theater industry	- online broadcasts of performances; - application of new forms in digital; - exploration of creative reality; - rehearsals online.
Literature / Publishers	- independent publishers and bookstores suffer losses; - stores go online; - publishers are looking for new forms of interaction with the audience; - writers play Decameron; - poetry marathons are held online.
Music industry	- musicians go online; - concert sites need support; - the organizers of the concerts incur losses; - Launched the Stay platform for organizing online concerts.
Film industry	- series on Instagram TV and other web-formats; - underground shooting; - film festivals go online; - offline cinemas are closed, online cinemas are gaining new audiences.
Galleries, art clusters and museums	- media projects; - loyalty programs; - open calls.

The dynamics of changes in capital flows, information, technology, organizational interaction, images, sounds and symbols (Norcliff and Rendalce, 2003) turned out to be a consequence of the restructuring of capitalism in the concept of creative industries. The development of new technologies, thanks to which the possibilities of cinema, television, sound recording, and also a separate layer of industrial archeology arose, provided the material basis for the functioning of many creative industries, and the aestheticization of the material sphere created a demand for design (Creative industries, 2012).

M. Castells outlined the role of digital industries in the general classification of creative industries,

when "the source of productivity lies in the technology of knowledge generation, information processing and symbolic communication" (Norcliff and Rendalce, 2003).

Papushina Yulia, Ph.D., Associate Professor at the Department of General Management, National Research University Higher School of Economics gives an example of the impact of digitalization on the creative sphere, "a significant transformation of comic book production that took place in the 1980s – 1990s due to a new generation of microprocessors, the increasing power of small computers, electronic communications and ways of transmitting data via the Internet (Bell, 1999).

<p><b>Post-industrial economy</b></p>	<p>A.A. Coomaraswamy, rejection of industrialization in favor of more primitive economic systems.                  D. Bell the transition from the production of goods to the expansion of services, research (Rumyantsev, 1980).                  Domestic scientists: Rumyantsev, Kozlov, Mileikovskiy, 1982).                  Leading countries: United States, Germany, United Kingdom, Korea and Japan</p>
<p><b>Information economy</b>                  (Informational means of production - information)</p>	<p>E. Toffler knowledge - knowledge turns into "informational and symbolic capital", acting as a real useful force, a means of achieving social and economic results, both by an individual and by society as a whole (Masuda, 1998)                  E. Masuda formation of a "new environment" of people's life, "computer-top lists"; "It will be a society of harmony, with a small government and state apparatus (Abdeev, 1994)                  Domestic scientists: R.S. Abdeev, A.I. Anchishkin D. Blumenau, V.A. Vinogradov, V.N. Glushkov (Anchishkin, 1989), (Vinogradov, 1989), (Machlup, 1966) Leading countries: United States, West Europe and Japan</p>
<p><b>Knowledge economy</b>                  (cognitive means of production - knowledge and human capital)</p>	<p>Fritz Machlup the knowledge economy is the part of the economy that participates in the production and dissemination of knowledge (Blumenau, 1982).                  Enzo Rullani cognitive capitalism - the stage of mutation where capital fuses with knowledge.                  Domestic scientists: R.S. Abdeev, A.I. Anchishkin D. Blumenau, S. Yu. Glazyev, V.N. Glushkov, (Glazyev, 1993; Glushkov and Kanygin, 1982; Howkins, 2013) etc.                  Leading countries: United States, Germany, United Kingdom, Korea and Japan</p>
<p><b>Creative economy</b>                  (divergent means of production - ideas)</p>	<p>J. Hawkins Creativity is an economic activity, its result - the idea has economic application and the final product (Florida, 2005).                  R. Florida Creativity Becomes a Driver of Economic Growth (Inozemtsev, 2000).                  Domestic scientists: Inozemtsev V.L., Stepanov A.A., Zhuravlev V.A., Barkhatov I.D., Dyachenko O.V., Zelentsova E.V. (Barkhatov Dyachenko, 2014), (Zelentsova, 2008), (Glushkova, 2019).                  Leading countries: Great Britain, Australia, Germany, Canada, Denmark, Finland</p>
<p><b>Infected economy</b>                  (COVID19)</p>	<p>J. Hawkins Creativity is an economic activity, its result - the idea has economic application and the final product.                  R. Florida Creativity Becomes the Driving Force of Economic Growth.                  Domestic scientists: Inozemtsev V.L., Stepanov A.A., Zhuravlev V.A., Barkhatov I.D., Dyachenko O.V., Zelentsova E.V., etc.                  Leading countries: Great Britain, Australia, Germany, Canada, Denmark, Finland</p>

Figure 3: Evolution of views of foreign and domestic scientists on the economy.

Let us consider the evolution of the views of foreign and domestic scientists on the creative economy, which is shown in Fig. 3. The discussion of the results. As a result of the analysis, we can conclude about the impact of the coronavirus pandemic on the creative industries, this sector of the economy is undergoing significant transformations (Table 1).

Thus, it is necessary to use information technology as a strategic position for development in the field of creative industries. In addition, it must be remembered that, as far as possible, some types of industry can support other types, interacting with each other.

In most cases, the most important and promising external indicator for entrepreneurship in the field of

creative industries is the "potential for further development". It can be explained, interpreted in terms of the technology life cycle or S-curve, which is denoted as an efficiency curve (Bell, 1999).

It is necessary to apply new technologies in the creative sphere to obtain a high result in comparison with old technologies in a crisis. At the same time, we note that the results of the use of obsolete technologies are approaching the saturation limit and are characterized by declining productivity of research and development. This explains the need for early recognition of technology changes and their implementation in accordance with the requirements of the Strategy for Innovative Development of the Russian Federation for the period up to 2020 ([www.economy.gov.ru](http://www.economy.gov.ru)).

It should also be borne in mind that when applying technologies, first of all, one should evaluate the creative cluster; its potential and further development.

### 3 CONCLUSIONS

The main task in the creative sphere in the context of a pandemic under the influence of various factors of the external and internal environment is to ensure the improvement of existing processes, the timely transformation of creative industries using information technology, the transition to online areas of interaction with consumers, the development and support of creative class stakeholders (small and micro-enterprises of the creative spheres, self-employed), state support for creative industries most affected by the crisis.

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